App. F. IX-4

Rev. 30-28 Sch 7
L-Rs 16-29 — 12
*Previous References*
" 18-29 — 4
" 21-29 — 4
" 2-33 — 7
" 15-36 — 1-4
" 16-34 — 3
*Letter References.*
L846 Rev — 1-4
" 85-42-1-7

L-Rs 5-34 — 3
" 7-35-5
" 7-36 142.

1938.

(L.Rs

File No. 21-38

Serial Nos. 1 & 2

P.32(C)

# GENERAL AND REVENUE SECRETARIAT.

*Serial Nos.* two.

**Part B for** Secy

**SUBJECT.**

Revalidation of the 5th Series of debentures by the Mysore Central Land mortgage Bank Ltd Bangalore

Sec) To the Secy to S
Comptroller thro FD
Rec Cent
WD 0418—GPB—22,500—23-8-36
No Ag 284-6 dy 1/8/38
Sanctions the issue of 5th Series of debentures of the Mysore Central Co-operative Land Mortgage Bank Ltd for a sum of Rs 5 Lakhs at 4½ Percent interest free of income tax

Secy 1/8

G. R. S. APP. F. III—1]

GENERAL AND REVENUE SECRETARIAT. 5502

( Loan )

NOTES.

File No. 21-38

FILE HEADING

Floatation of the Fifth Series of debentures by the Central Co-op. Bank Ltd

FROM The Registrar of Cooperative Societies Mysore

No. 11272 Dated 23/3/38 Received 24/3/38

Diary No. 5502 Enclos. three Spare copies Serial No. /

BRIEF ABSTRACT OF LETTER

Request sanction to float a fifth series of debentures by the Central Co-op. Bank at 3½ per cent with Govt guarantee for principal and interest and to extend the guarantee upto Rs 20 lakhs and to the Govt subscribe for Rs 1.802 lakhs.

NOTES AND ORDERS.

Flag P

1) It is submitted that according to the G.O dated 10-4-28 "the Bank will have a share capital of Rs 5 lakhs and will be permitted to issue debentures upto Rs 20 lakhs, Govt guaranteeing the interest on all the debentures at a rate not exceeding five per cent. The Govt will if necessary be purchased to invest in the Bank an aggregate sum of Rs 5 lakhs at Rs one lakh each for the first two years and to

NOTES—First Sheet

WD 0293—GPB—3,750—25-1-38

balance of Rs 3 lakhs being invested in amount equivalent to the amount raised by the Bank from the public in any particular year"

2) In G.O dated 4-12-29 Govt guaranteed the debenture holders repayment of the principal at maturity and the payment of interest as it falls due ~~and~~ the limit to 5 per cent free of income tax the guarantee being limited to the debentures issued for the first Rs ten lakhs only subsequent issues being framed by the order referred to above

3) Accordingly Govt have from time to time permitted the issue of 4 series of debentures at varying rates of interest and the total amount so issued and subscribed (including those to be issued & outstanding before the end of June 1939) is already Rs 9.66 lakhs Govt guaranteeing the principal & interest and the debentures being free of income tax.

4) The Bank now represent that they intend to float another series of debentures of Rs 5 lakhs at 3½ per cent free of income tax. ~~and state~~ They represent that the concessions (Govt guarantee & free of income tax) granted for the first ten lakhs may also be given to this series of debentures. They also request Govt to keep the promise of taking the debentures of the Bank to the extent of Rs 1.80 lakhs of the IV issue, open to the present issue also, to the extent necessary.

5) The Registrar recommends the request of the Bank.

6) It is ~~hoped~~ that in connection with the proposal to float debentures by the Bank Govt

Flag R

Flag K 12

5502



Serial No.

a) This is brought in front Sm

the Fin Secy has stated that the question may well be sometime and that the Apex Bank may be allowed a cash credit to the extent

7) The points for consideration are 1) to permit the Bank to float debentures for Rs Five Lakhs at 3½ per cent p.a. 2) to extend the concession of the per centage to the principal and interest as to the issue of the debentures for 5 per centage and 3) to lock open the finances of Govt taking up debentures upto Rs 18.02.000/- in this series of receiving. This financial step has to be kept in counters. Subs for orders

to 16/4/39 Secy: to S.Sec 17/4.

8) For orders. Hm 19.4.39.

10) The latest report you and Mr Gregg Bank may in front us

Sm 21.4.39

Hm 21-4-39

11) A copy of the report for 1937-38 is laid before Members of directors

to 21/4/39 Secy: to S.Sec

Hm 25/4/39

12) For favour remarks Sm 25.4.39

Hm 25/4

FINANCIAL SECRETARIAT U.O.No. Fl. 3486 26 APR 1939 Contn. Sheet.

WD 0544—GPB—30,000—2-9-83

A Secy) Mc

Fifth Series of Debentures to be raised by Land Mortgage Banks

File No. 21 of 1938

General and Revenue Secretariat

13) The proposal for the issue of the 5th series of Debentures at 3½% with Government guarantee both as regards interest and principal is one which will have to be judged in the light of the considerations of the possibility of the Bank being able to raise a loan in the open market without Government guarantee. The guarantee given so far is on a total of Rs 10 lakhs and and its further extension will throw a contingent liability on Government of both interest and principal, unless the Bank is able to find sufficient finance so as not to impose a burden on Government in future years.

14) It is undoubtedly true that in the case of the expanding operations of an Agricultural Bank, it has to find a long-term finance in the initial stages and the inflow of the income from the investment will not be sufficiently large to permit such an assurance to Government and if the Land Mortgage Bank work has to be continued, whether all these Rs 10 lakhs will be required or whether any smaller sum will do is a matter on which I am not in a position to offer any opinion. If the present rate of expansion has to be continued, it may not be merely Rs 10 lakhs or Rs 20 lakhs but even more. A review of the effectiveness of the policy adopted so far in the matter of expansion of relief may be attempted before further guarantee is undertaken. I would request an expression of opinion of the Administrative Department on these aspects of the question.

9.5.38

9/5

Floating of a fifth series of debentures by the
5502 L.M.-Bundi

General and Revenue Secretariat | L.M. File No. 21 of 193 8 | [App. F. III—2

Serial No.

15) This file was also taken for the meeting held on 12/5/39. A copy of the proceedings of the meeting is kept in the file for reference. The Financial Secretary requires the opinion of the Administration Department on the points raised by him. It is for orders whether the file may not be referred to the Registrar of Cooperative Societies unofficially for his remarks. Subs

A/

16) A. Mary Perhaps he does Secl'Secy 21/6/39 Secl'Secy 22/6/39 22/6

GENERAL SECRETARY. 22 JUNE 1939 L 20

U.O.NO. 347 738 23. 6. 39.

17) Forwarded with compliments to the Registrar of Co-operative Societies, Mysore for favour of remarks. A.O. Human Can Rgh Dr Secl'Secy 22/6/39

Office of the Registrar of Co-operative Societies 24 JUNE 1939 XXX 8326

Que. are file. CS 39 3-7-1939.

Returned with compliments:

18) The Financial Secretary to the Government is on very strong ground in his opinion that the proposal for the issue of the 5th series of debentures with Government Guarantee is one which will have to be judged in the light of the possibility of the Bank's ability to raise a loan

NOTE—Contn Sheet.

WD 0544—GPE—30,000—2-9-83

P.T.O.

A

loan successfully in the open market without Government guarantee. It should not however be forgotten that in this country, debentures floated on the security of the mortgage of properties are very little known and even with the Government guarantee, the debentures of the Land Mortgage Banks are not so easily marketable as ordinary Government paper. It is on account of this that these debentures are guaranteed by Govern ent so that the Banks can obtain the funds at favourable rates of interest and also provide funds to the agriculturists on easy terms. But, as observed by the Financial Secretary, if these Banks are to be permanent institutions for providing the long term needs of the agriculturists and the agricultural industry, the ideal before them should be to be able to float their debentures without guarantee of Government. For various reasons, Government guarantee is absolutely necessary especially in the initial stages if funds on easy terms are to be made available to the agriculturists, but a time may come when the Government may not feel inclined to incur financial liability beyond a certain limit. When such an eventuality arises, the question of further expansion of business will naturally depend upon the ability of the Bank to float its debentures without such guarantee and this can be achieved by careful husbandry and management. It is therefore necessary to ensure that loans are issued with great care, loan instalments are recovered punctually and in case of defaults steps are taken promptly, substantial reserves are built up and provision for repayment of the debentures on maturity is made by creating a debenture redemption fund or sinking

sinking fund, out of the annual recoveries. These measures will inspire confidence among the investing public. These factors are kept in view by the Bank and the loans are issued with the utmost care, and instalments are punctually recovered, the percentage of recoveries to demand being over 86.09 last year and I am glad that this standard is kept up this year also and that the Bank is being run on efficeint lines. But it will be a long time before it can raise adequate share capital and build up substantial reserves. Till then, it is essential that Government should continue to guarantee the debentures floated by the Bank to enable the agriculturists to obtain the funds at as cheap a rate as possible.

19) I extract below a paragraph from the Madras Co-operative Journal (September 1938) from which it will be seen that the Madras Legislature have passed a resolution permitting the Government of Madras to raise the Government guarantee in respect of Land-Mortgage Debentures from 150 to 250 crores from time to time.

"Land-Mortgage Debentures.

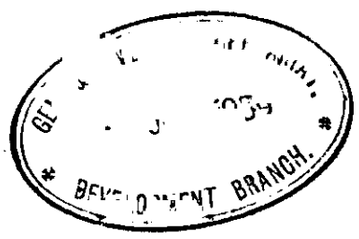
At the meeting of the Legislative Assembly held on the 15th August, the Hon.Mr.V.V.Giri moved a resolution permitting the Government to raise from time to time as the need was felt, their guarantee on the principal and interest of the debentures of the Central Land Mortgage Bank from a maximum of Rs.150 crores to Rs.250 crores. In a Note circulated previously, he had explained that owing to the Agriculturists' Debt Relief Act and the starting of a new primary Banks, the transactions of the Land Mortgage Banks had

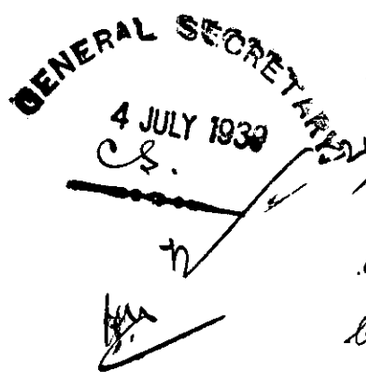
had increased, that the maximum permitted for the issue of debentures had been practically reached and that as the present normal monthly credit demand was about Rs.8 lakhs, the raising of the maximum by a crore was necessary to meet even the current year's needs. He had also pointed out that following the advice of the Reserve Bank, the Central Land Mortgage Bank had increased the margin between its borrowing and lending rates, that it had instituted a sinking fund for the redemption of its debentures and that it was considering the restriction of devidend on shares to one per cent higher than the borrowing rate. The Reserve Bank had pointed out, the note said, that it was not desirable that Government guarantee on the Bank's debentures should be raised continually and that the Bank should be able to float debentures on its own credit. The Note expressed the hope that this would be possible at an early date as the result of the steps already taken and proposed to be taken. Meanwhile the raising of the guarantee was recommended.

3) In the Assembly there was no opposition to the resolution from any quarter, the need for raising the guarantee was readily recognised, and the resolution was passed. The thanks of Co-operators are due to Government and the Assembly for thus raising the guarantee. In giving effect to the resolution, we trust that both the Government and the Central Land Mortgage Bank will see to it that the money reaches the ultimate borrower at as cheap a rate of interest as possible, especially as only recently the rate of interest for him has been raised."

4) I may also bring to the kind notice of

of Government that the guarantee enjoyed by the Madras Land Mortgage Bank is up to Rs.two crores now. In the interests of the agricultural community for whose benefit the scheme has been ushered into existence, I request that Government may be pleased to raise the limit of the guarantee to the first 25 lakhs of rupees of debentures floated by the Mysore Central Co-operative Land Mortgage Bank and I hope that by the time that stage is reached, the Bank will have raised sufficient share capital and built up adequate reserves and also created the necessary sinking fund to inspire confidence among the investing public and thereby be in a position to successfully float debentures without Government guarantee.




Yours faithfully,

Registrar.

L.S.30/6.

The Registrar requests that the Govt may guarantee the debentures floated by the Central Land Mortgage Bank [from Rs 10 lakhs upto Rs 25 lakhs.] As regards the rate of interest on the debentures to be raised by the Bank, it may be stated that the market rate on loans raised by Govt is generally 3% and Govt have also raised loans at 3%. When the money market is favourably inclined to 3%. it is a point for consideration whether the debentures to be raised by the Bank may not carry interest of 3% instead of 3½%. as suggested by the Bank. In all the four series previously issued the rate of interest has been lowered by ½% at every share debentures loan. As the loan is to be guaranteed by Govt.

Issue of a Fifth Series of debentures by the Mysore Central Co-operative Land Mortgage Bank
5502

9

General and Revenue Secretariat — File No. 21 of 193 8. — [App. F. III-2

Serial No.

both for principal and interest, the lower the rate of interest on the debentures the less will be risk to Govt. towards repayment of interest on the debentures. The file may be sent to the Financial Secretariat for favour of further remarks after opinion expressed by the Registrar of Co-operative Societies. Submitted

23) Genl: Secy 4/7/39 — 577/39

GENERAL SECRETARY. 6 JULY 1939 11 c

23) In the circumstances explained by the Registrar, the Bank may be permitted to float the fifth Debenture loan for Rupees five Lakhs at 3½% interest - the Govt guaranteeing the repayment of principal at maturity & interest - The Debentures may be issued free of stamp duty - The concession as regards Govt taking up Debentures to the extent of Rs 1,80,200 if necessary may also be sanctioned (vide Govt's proceedings in No. dated 6/7-39). Such a concession was sanctioned in respect of the fourth series of the loan but it is gathered from the correspondence that it was not availed of by the Bank -

2nd Member through Secy

24) 17.7.39

25) Devan

17/7

17-7-39

FINANCIAL SECRETARIAT U.O.No.Fi: 79 7 - JUL. 1939 BANGALORE.

NOTE—Contn. Sheet.

Fifth Series of debentures of L-M. Bank.

5502
D

L57 File No. 21 of 193 8

General and Revenue Secretariat.

Serial No.

27) The issue of the fifth series of debentures by the L. M Bank is a Council case Ltr

19/7/39

28) Send in Closing Secy's

29/7

Send

29) Cir memo is sent

29/7

29/7

29/7

**For Disposal by Circulation.** **No. C. 4 01**

Q-1939-40

**GENERAL AND REVENUE SECRETARIAT**

**Council Matter.**

*Subject*

Issue of a Fifth Series of Debentures by the Mysore Central Co-operative Land Mortgage Bank, Ltd., Bangalore, for a loan of Rs.5 lakhs carrying interest at 3½ per cent.

29) *Circulated to the Members of Council.*

By Order,

20th July 1939. *Chief Secretary to Government.*

701
21.7.39

**First Member of Council.** 30)
21/7/39

**Second Member of Council.** (On deputation)

General Secretary with Compliments.

21.7.39

24.7.39

Fifth Series of debentures of the Mysore Central
90 A [illegible] Corpn. L.M. Bank.

General and Revenue Secretariat. File No. 29 of 19 P. [App. F. III-2

Serial No.

31) D.S.N. Ltd. The Resident has, in his letter and the memorial now requests that the limit of guarantee for the repayment of principal be raised from Rs 10 lakhs (G.O. dated 4-12-29) to Rupees twenty or twenty five lakhs. The Financial Secy has in his note observed that if the present rate of expansion were to be continued the amount required may not be less than 20 lakhs or twenty lakhs and may be even more. It is therefore proposed in the Memorial now that the question of guaranteeing repayment of principal at maturity will be considered independently at the time of the issue of each debentures. 32)

Gen'l Secy 27.7.39

26/7/39

33) Dewan) 29/7

28-7-39

DEV. [illegible] OFFICE
798

27 JULY 1939
618

GENERAL SECRETARY.

Please clear a/c. before submission.

typing [illegible] for putting up Memo copy today

28/7

28/7

Telegram sent out 29/7/39

TYPING [illegible] 1939 OFFICE

NOTE-Contn. Sheet.

*Submitted to His Highness.* 17

With the gracious sanction of His Highness, permission was accorded to the Mysore Central Co-operative Land Mortgage Bank, Limited, to issue a Fourth Series of Debentures of the value of Rupees Five Lakhs at 3½ per cent. interest, free of incometax, with Government guarantee both for the principal and interest, and Government agreed to subscribe for the debentures of the value of Rs 1,80,200/- in this series if the subscription from the public fell short of the full amount issued.

The Bank has since extended its activities and the Land Mortgage scheme is in operation in 36 centres. The Bank has asked for permission to issue a Fifth Series of Debentures of the value of Rupees Five Lakhs at 3½ per cent. in order to meet the increasing demand for loans.

The Registrar, in forwarding the application of the Bank, reports that the Bank has till now issued debentures up to Rs 9,66,100/- and that it can issue debentures for a further sum of Rupees Five Lakhs, the permissible limit of the total extent of liabilities of the Bank being Rs 15,14,064/-. He recommends that the Bank may be permitted to issue a Fifth Series of Debentures of the value of Rupees Five Lakhs at 3½ per cent., free of income-tax - Government guaranteeing the repayment of the principal and interest in this series also and subscribing for debentures to the extent of Rs 1,80,200/- if necessary - the other conditions being the same as for the Fourth Series.

The Second Member of Council is away on deputation and the First Member of Council has agreed to the Registrar's proposal. It is also concurred in by the Finance Department. I, therefore, solicit His Highness's gracious sanction to the proposal to permit the Mysore Central Co-operative Land Mortgage Bank, Limited, to issue a Fifth Series of Debentures of the value of Rupees Five lakhs on the terms above mentioned.

Mirza M. Ismail

Bangalore, )
29th July 1939. )

DEWAN.

Record of Cases submitted for the Orders of 14

His Highness the Maharaja.

## *Subject.*

Proposal to permit the Mysore Central Co-operative Land Mortgage Bank, Limited, to issue a Fifth Series of Debentures of the value of Rs.5 lakhs at 3½ per cent interest.

KRJ
31-7-39

No. 71

## *Order.*

~~KRJ~~
31/7/39

MS
31.7.39

General and Revenue
Secretariat.

C40.

15

SUBJECT:—

Proposal to permit the Mysore Central Cooperative Land Mortgage Bank, Ltd., to issue a Fifth Series of Debentures of the value of Rs 5 Lakhs at 3½ per cent interest.

---

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

*Chief Secretary to Government.*

Through the Secretary to Government,

General Department.

1/8

1067
1.8.39 — FIRST MEMBER OF COUNCIL. 2/8/39

1086
1.8.39 — SECOND MEMBER OF COUNCIL. 1.8

Gen. Secy. with Compliments.

28.39

2/8

3/8

NOTE.—Contn. sheet

WD 0579—GPB—375—20-12-38

90 J 32e
AF

General and Revenue Secretariat. | File No. 21. of 1938 [App. F. III-2

Serial No.

Draft G.O is submitted for appl

3/8/39

For approval
4/8/39

GENERAL SECRETARY.
4 AUG. 1939
88

Genl. Secy

4/8

Issue
4-8-39

TYPING & CYCLOSTYLING BUREAU
GEN. & REV. SECT.

Je Com 350.

Draft + fair noted Finl Secy has agreed.

V

8/8

Issue
8/8

Issued
8/8.

G.O. No AF 284-6 dated 7-8-39 remitting the Central Govt Bank to remitting the Central Govt Bank to receive debentures of Rs 5 lakhs at 3½% free of income tax

B 10

GEN. & REV. SECT.
26 AUG. 1939
AGRI. & FOREST BRANCH.

NOTE-Contn. Sheet.

L.Dn. 21-38-1

GOVERNMENT OF MYSORE.

No. 11272 C. S. Cir. Three

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" Bangalore

SECY. LOCAL SELF GOVT. 23 MAR 1939 GOVT OF MYSORE.

Dated Bangalore, 23rd March 1939.

FROM

M. ABDUL HUKH, ESQ., B.A.,
*Registrar of Co-operative Societies in Mysore,*
*BANGALORE.*

REVENUE SECRETARIAT. 24 MAR 1939 DEPARTMENT BRANCH.

To

P.H.Krishna Rao, Esq., M.A.,
Secretary to the Government of Mysore,
Local Self-Government Department, Bangalore.

Sir,

Subject:- Floatation of the Fifth Series of Debentures by the Mysore Central Co-operative Land Mortgage Bank,Ltd.,Bangalore.

---

I have the honour to forward herewith a copy of letter No.S.I. 577 dated 15th March 1939 with copies of enclosures thereto received from the President of the Mysore Central Co-operative Land Mortgage Bank,Ltd.,Bangalore City, on the above subject and to state as follows:-

According to its byelaws, the Bank can raise funds by the issue of debentures or otherwise to the extent of sixteen times the subscribed share capital plus the reserve fund. As the subscribed share capital is fully paid up and amounts to Rs.84,500/- and the reserve fund to Rs.10,129/-, the permissible limit of the total external liabilities of the Bank is Rs.15,14,064. Inclusive of the 4th Series of Debentures of Rs.5,00,000 which is not yet closed, the total amount of the debenture capital raised by the Bank is Rs.9,66,100/-. The Bank can therefore be permitted to raise the proposed 5th Series of Debentures to the extent of Rs.5,00,000 on the same terms as before.

In the circumstances mentioned by the President and the need for raising additional capital for issuing loans, I recommend that sanction of Government may kindly be obtained for the floatation of a fifth series of debentures by the Mysore Central Co-operative Land Mortgage Bank,Ltd.,Bangalore City subject to the following conditions.

1. The debentures shall carry interest at 3½% per annum. (The

P.T.O.

(The Bank should try to secure as much premium as possible and the premium realised should be credited to the reserve fund of the Bank).

2. The repayment of the principal amounts of the debentures at maturity as well as the payment of interest as it falls due, shall be guaranteed by Government.

In their order No.G.6941-4/L.M.14-29-1 dated 4th December 1929, Government have been pleased to order that this guarantee by Government will be limited to ten lakhs of rupees. As the Scheme is meant for the benefit of the Agriculturists and without Government guarantee, the debentures are not likely to be popular at all, I request that Government may be pleased to enhance the limit of guarantee to debentures to the extent of 20 lakhs of rupees. I may add that the Government of Madras have given this guarantee to the Madras Co-operative Central Land Mortgage Bank,Ltd., to the extent of Rs.Two crores.

3. The interest on the debentures shall be exempt from Income-tax under the Mysore Income Tax Act. One of the factors governing the popularity of the debentures in the open market is this concession. The debentures hitherto floated by the Bank had this concession and without a continuance of the same, the popularity of the debentures in the market will surely be affected. I therefore request that this concession may be extended upto the limit of the first 20 lakhs of rupees of debentures issued by the Bank.

The President of the Bank has requested that the promise of Government to take up debentures to the extent of Rs.1,80,200 in the 4th Series may be extended to the 5th Series, as it is likely that the entire sum in the fourth series will be taken up by the public. I recommend that this request may be sanctioned.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.21/3.

# OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Letter No.S.I.577 dated 15th March 1939 from the President, The Mysore Central Co-operative Land Mortgage Bank, Ltd., Bangalore City, to the Registrar of Co-operative Societies in Mysore, Bangalore.

---

Subject:- Floatation of the Fifth Series of Debentures.

With reference to Government Order No.D.4189-92/L.M.7-36-2 dated 6-1-1937 sanctioning the issue of a fourth series of debentures by this Bank to the extent of Rupees five lakhs, I have the honour to state that debentures for Rs.3,73,500 have already been issued in this series and the balance of Rs.1,26,500 is expected to be issued within the next two or three months for payment of loans which have been already sanctioned or which may be sanctioned during the period. To meet the other pending loan applications as also future applications that may be received from the areas to which the operations of the Land Mortgage Scheme have already been extended or may be extended hereafter, additional funds are necessary. It is therefore proposed to issue a further (fifth) series of debenture for Rupees five lakhs on the same terms as the last (fourth) series.

2. The total amount of debentures already issued by the Bank amounts to Rs.9,66,100/- as detailed in the margin. According to the Bank's bye-law No.17(b) the Bank can raise funds by the issue of debentures or otherwise to the extent of sixteen times the subscribed share capital plus the reserve fund. As the total of the paid up share capital and the Reserve Fund amounts to Rs.94,629 as noted in the margin, the Bank can raise debentures to the extent of Rs.15,14,000/-. Against this, debentures issued in all the four series including the balance still available for issue in the fourth series and shortly to be issued, amount to Rs.9,66,100 only. It is therefore permissible for the Bank to issue further debentures for an additional sum of Rupees Five lakhs and forty-eight thousand

| | | |
|---|---|---|
| 1st Series 5%(closed) | .. | Rs.2,18,500 |
| 2nd do. 4½% (do. ) | .. | 62,500 |
| 3rd do. 4 % (do. ) | .. | 1,85,100 |
| 4th do. 3½% | .. | 5,00,000 |
| Total | .. | Rs.9,66,100 |

| | |
|---|---|
| Paid up share capital | Rs.84,500 |
| Reserve Fund | .. 10,129 |
| Total | .. Rs.94,629 |

so

P.T.O.

so that the sum of Rupees five lakhs for which it is proposed to issue a fresh series of debentures is well within the limit imposed by its byelaws. In the above circumstances, I request that the sanction of Government may be kindly obtained for the Bank floating a fresh series of debentures for Rupees five lakhs bearing interest at 3½ per cent on the same terms as those of the fourth series of the Bank's debentures. A copy of its prospectus is attached hereto for reference.

3. In this connection, I beg to invite your reference to Government Orders Nos.6941-4/L.M.14-29-1 dated 4th December 1929 and G.11438-44/Sany.30-26-7 dated 10th April 1928. As the guarantee of Government for repayment of principal and interest, and exemption of interest on debentures from the liability to income-tax according to these Government Orders apply to the issue of first ten lakhs of rupees only, I request that the Government may be kindly moved to extend these concessions to the new series of debentures also so that the new series may possess all the facilities and attraction that the previous series commanded.

4. With regard to the amount of debentures to be taken by Government, I beg to invite your reference to Government Order No: D.4189-92/L.M.7-36-2 dated 6th January 1937 promising to take up the Bank's debentures in the fourth series to the extent of Rs.1,80,200 and subsequent letter No.D.2898/L.M.15-36-4 dated 8th/9th October 1937 from the Secretary to Government, Local Self-Government Department, addressed to you, stating that Government are prepared to take this amount whenever the Bank was in need of money without waiting for the balance out of Rs.Five lakhs sanctioned for issue in Government Order referred to being issued to the public, and request that, since no debentures have been issued to Government in the fourth series so far, they may be kindly moved to keep the concession open for issue of debentures in the new series also to the extent that may be necessary not exceeding the limit of -- Rs.1,80,200 on the same conditions.

2. The matter was considered by the Board of Directors of the

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

---



the Bank at their meeting held on the 12th February 1939 and a copy of the resolution of the Board approving the above mentioned proposals is herewith attached.

**********

L.S.21/3.

for Registrar.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Resolution No.6 of the Board of Directors of the Mysore Central Co-operative Land Mortgage Bank,Ltd., passed at their meeting held on 12th February 1939.

x x x x x

6. Subject: Question of applying to Government for the floation of a fresh series of debentures of the Bank.

The President said that out of a sum of Rupees five lakhs for which sanction of Government had been obtained for the issue of debentures at 3½ per cent interest, a sum of Rs.3,73,500 had already been subscribed for and there remained a balance of Rs.1,26,500/- available for issue, that the total borrowings including this balance from all the four series issued by the Bank would amount to - - Rs.9,66,100/- against which loans to the extent of Rs.9,71,340/- had already been sanctioned upto the end of January 1939. As some more loans were expected to be sanctioned and disbursed in the course of a month or two, the balance available for issue out of 3½ per cent debentures was expected to be used up in the course of a short time. He therefore proposed that sanction of Government may be sought for the floatation of a fresh series of debentures for a further sum of Rupees five lakhs.

After further discussion on the subject, it was resolved that sanction of Government be obtained:-

1. for floating a fresh series of debentures carrying interest at 3½ per cent, for a sum of Rupees Five lakhs.

2. for guarantee of Government being continued for repayment of principal and interest as in the case of previous issues as such guarantee is at present limited to the debentures issued upto first ten lakhs of rupees only; and

3. for exemption of interest on debentures of the new series from the liability to income-tax, as in the case of the previous issues, as the present exemption is limited to interest on debentures issued upto first ten lakhs of rupees.

x x x x x x

************

" Copy "

L.S.21/3.

for Registrar.

# The Mysore Central Co-operative Land Mortgage Bank, Limited.

## Bangalore City.

(*Registered under the Mysore Co-operative Societies Regulation No.* V *of* 1929)

# PROSPECTUS OF DEBENTURE LOAN.

(FOURTH SERIES)

**Issue of State-guaranteed Debentures to the extent of Rupees Five Lakhs carrying interest at 3 ½ per cent per annum.**

***FREE OF MYSORE INCOME-TAX***

---

1 Under the authority vested by section 56 of the Mysore Co-operative Societies Regulation No. V of 1929 and Clauses 28 to 36 of the Bye-laws of the Bank regulating the raising of funds by means of issue of debentures, and with the previous approval of the Government of Mysore conveyed in their Order No. D. 4189-92/ L. M. 7-36-2 dated 6th January 1937, the Mysore Central Co-operative Land Mortgage Bank, Limited, have resolved to issue a fourth series of debentures to the extent of Rupees Five (5) lakhs.

2 The debentures are subject to the following conditions :—

(1) The debentures will be of one denomination, viz., Rs. 100 and will be issued as and when funds are required by the Bank from time to time. Consolidated bonds for five, ten, or fifty debentures of the value of Rs. 500, Rs. 1000 and Rs. 5000 respectively, will be issued, if required by the subscriber.

(2) The repayment of the principal amounts of the debentures at maturity as well as the payment of interest as it falls due, is guaranteed by the Government of Mysore.

(3) The debentures are exempt from Mysore Income-tax.

(4) The debentures will be secured by first mortgages on real property obtained by the Bank, the estimated value of the property charged being at least double the amount of the mortgage.

(5) The debentures carry interest at three and a half per cent per annum; provided however that, with the previous sanction of Government, the Bank shall be at liberty to effect a reduction in the rate of interest at any time after the expiry of ten years from the date of their issue and after giving the holders of the bonds the option to accept payment therefor in cash at par.

(6) (a) The debentures shall be redeemable at par on 1st January 1967 but the Bank reserves to itself the right to redeem at par as many bonds as it may deem necessary, at any time after the expiry of ten years from the date of their issue, the bonds to be thus redeemed being selected by lot once every year. Debentures in respect of which notice of redemption has been given to the holders by the Bank must be given up on the expiry of the term mentioned in the notice and, if the debentures are not so given up, the holder shall have no claim upon the Bank for interest accruing after the expiry of the term.

---

NOTE:—For purpose of conditions (5) and (6)(a) publication of a notice in the Mysore Gazette shall be deemed to be sufficient notice. Individual notices will also be given to such of the debenture holders as may have their names registered in the Bank's Office on payment of a fee of four annas.

(b) In the event of any debenture comprised in a consolidated bond being drawn for redemption under clause (a) above, the Bank will issue at its own cost a sufficient number of bonds for the debentures remaining unredeemed.

(7) The interest on the debentures will be paid half-yearly on 1st July and 1st January, or the next working days when those days happen to be holidays, at the Bank's Office in Bangalore City. Arrangement will however be made, *on application*, for payment of interest at any Government Treasury in the Mysore State. and if there is sufficient demand from the subscribers, at any of the branches of the Bank of Mysore Ltd., or the Imperial Bank of India Ltd., in India.

(8) The debentures are exempt from stamp duty.

(9) As per Section 57 of the Mysore Co-operative Societies Regulation No. V of 1929, these bonds

(a) shall be deemed to be negotiable instruments to which the provisions of the Mysore Negotiable instruments Regulation 1917, apply; and

(b) shall be included amongst securities in which a trustee may invest trust funds under any law for the time being in force in Mysore.

(10) (a) Debentures which, by reason of damage sustained, have become unfit for circulation, will be replaced at the request of the holder on giving up the damaged or defaced debentures provided that the essential marks for genuineness and identity, especially the number, the amount, the rate of interest, the date and signatures of the authorised executing officers of the Bank are still recognisable. Fresh debentures shall also be issued to replace completely destroyed debentures when, in the opinion of the Bank, the fact of destruction is proved beyond any doubt or uncertainty.

(b) When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognisable, as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognisable has been previously advertised for by the claimant in the manner prescribed by the Bank and its nullity legally declared.

(c) The re-issue shall be made for the same amount under the same number with the addition of the word "Renewed". A fee of eight annas will be charged for every renewed debenture thus issued.

(11) Separate debenture bonds of Rs. 100 each or consolidated bonds of Rs. 500, Rs. 1,000 or Rs. 5,000 will be issued as far as possible in lieu of bonds of equal value on payment of a fee of eight annas for each bond so issued.

(12) Under No. (2) of the Rules relating to Mysore Central Co-operative Land Mortgage Bank issued with G. O. No. G. 5929/L. M. 4—29—4 dated the 11th November 1929, the Comptroller to the Government of Mysore has been appointed by Government as trustee to secure the fulfilment of the obligations of the Bank to the holders of these debentures.

"BY ORDER"

BANGALORE CITY,
*25th January* 1937.

A. SUNDARAM MUDALIAR,
*Secretary.*

Caxton Press, Fort, Bangalore City

GOVERNMENT OF MYSORE.

3244

M. ABDUL HUKH, Esq., B.A.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

D. O. No. 48. *Dated Bangalore,* 1st August 1939.

Dear Mr. Appaji Gowda,

I invite your kind reference to my un-official Note No.39 dated 3rd July 1939 regarding the Fifth Series of Debentures proposed to be floated by the Mysore Central Co-operative Land Mortgage Bank. The President of the Bank writes to me, that in respect of the Fourth Series, there is a balance of only Rs.800/- available for subscription and that the Bank is handicapped for want of funds for - issuing loans. I therefore request that orders of Government may kindly be obtained in respect of the floatation of the Fifth Series of Debentures as recommended by me in my letter No.11272 dated 23rd March 1939.

Yours sincerely,

M. Abdul Hukh

J. Appaji Gowda, Esq., B.A., (Hons),
Secretary to the Government of Mysore,
General Department, Bangalore.

L.S.1/8.

App. F. VI G 10.

25

# Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

G. O. No. A'F. 284-6/~~G.M.~~ 21-38-2 DATED 7-8-39

May this be

i. printed? Yes

ii. treated as a standing order? Yes

iii. published in the Gazette English Part?

iv. translated?

v. placed at the disposal of the press?

vi. published in the Gazette Kannada Part?

} No

Debentures of the ~~Mysore~~ Mysore Central Cooperative Land Mortgage Bank Limited

Sanctioning the issue of a Fifth Series of ——— for a sum of Rupees Five lakhs at 3½ per cent interest free of income tax

Hemanjan Rajah

9.8.39

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Read :—

Government Order No. G. 6941-4/L.M. 14-29-1 dated 4th December 1929 guranteeing the debenture holders in the Mysore Central Co-operative Land Mortgage Bank, the repayment of the principal amounts of the debenture bonds at maturity, as well as payment of interest as it falls due, limited to 5% per annum free of incometax, the gurantee being restricted to the debentures issued for the first ten lakhs of rupees only.

2. Government Order No. G. 12215-8/L.M. 21-29-2 dated 11th April 1930 authorising the Mysore Central Co-operative Land Mortgage Bank to issue debentures to the extent of Rs. 3 lakhs at 5% interest per annum free of incometax.

3. Government Order No. D. 2624-7/L.M. 2-33-7 dated 30th November 1933 authorising the said Bank to issue a second series of debentures of Rs. 2.5 lakhs at 4½% interest per annum free of incometax.

4. Government Order No. D. 4535-38/L.M. 16-34-3 dated 18th January 1935 authorising the Bank to issue a third series of debentures to the extent of Rs. 4 lakhs at 4% interest per annum free of incometax.

5. Government Order No. D. 4189-92/L.M. 7-36-2 dated 6/7th January 1937 sanctioning the issue by the Bank of a fourth series of debentures of the value of Rs. Five lakhs at 3½% interest per annum free of income-tax redeemable at par on 1st January 1967, Government agreeing to take up debentures in this series for Rs. 1,80,200/- if the amount subscribed for by the public falls short of the full amount required.

Letter No. 11272 dated 23rd March 1939 from the Registrar of Co-operative Societies requesting sanction to issue, by the Mysore Central Land Mortgage Bank of a Fifth series of Debentures of the value of Rs. 5 lakhs at 3½% interest, free of income-tax, etc.

ORDER No. AH 284-6 /L.M. 21-38-2

Dated, Bangalore, the 5th August 1939.

It is reported that the Bank has issued debentures of the value

of Rs. 9,66,100/- in the four series mentioned above of which Rs. 19,800/- is subscribed for by Government and the rest by the public. The Bank has extended its activities and the Land Mortgage Scheme is in operation in 36 centres. The funds raised having become insufficient to meet the growing needs, the Bank has applied to Government for permission to raise a further debenture loan of the value of Rs. 5 lakhs at 3½% interest. Under the existing bye-laws the Bank can raise debentures for a further sum of Five lakhs of Rupees the permissible extent of the total amount of liabilities being Rs. 15,14,064/-. The Registrar recommends therefore the issue by the Bank of a Fifth series of debentures of the value of Five lakhs of rupees at 3½% interest per annum free of income-tax - Government guaranteeing the repayment of the principal and interest in this series also and subscribing for debentures to the extent of Rs. 1,80,200/- if necessary, the other conditions being the same as per the Fourth Series.

In the circumstances explained, Government are pleased to sanction the recommendation of the Registrar.

(Sd): T. Appaji Gowda

General Secretary to Government.

To

The Registrar of Co-operative Societies in Mysore.
" Comptroller to Government through Financial Deptt.
" Revenue Commissioner in Mysore, Bangalore.

Press Library

jgn/6.

Hiriyanna Rajaiah
for General Secretary to Govt.
7/8

G. R. S. App. F VI—G 2]

SUBJECT .....

.....

.....

*Diary No. of letter replied to* .....

General and Revenue Secretariat

( )

*the* 193 .

Date of issue ..... 1939.

Signed by .....

May this be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the press ?

(vi) published in the Gazette, Kannada Part ?

Section.

File No.

Serial No.

*Proceedings of the Government of His Highness the Maharaja of Mysore.*

Read 1) G.O. No. dated 4/12/29 guaranteeing the debentures holders in the Mysore Central Bank L.M. Bank the repayment of the principal amount of the debentures bonds at maturity, as well as payment of interest as it falls due, limited to 5% p.a. free of income tax, the guarantee being restricted to the debentures issued for the first ten lakhs of rupees only.

2) G.O. No. dated 11-4-30 authorising the Mysore Central Bank L.M. Bank to issue debentures to the extent of Rs 3 lakhs at 5% interest per annum free of income tax.

3) G.O. No. dated 30-11-33 authorising the said Bank to issue a second series of debentures of Rs 2.5 lakhs at 4½ per cent per annum free of income tax

Order thereon. No.

4) G.O. No. dated 18/1/35 authorising the Bank to issue a third series of debentures to the extent of Rs 4 lakhs at 4% interest per annum free of income tax.

5) G.O. No. dated 4/89-92/LM. 7-36-2

dated $\frac{6}{7}$-1-37 sanctioning the issue
by the Bank of a fourth series of debentures
of the value of Rs Five lakhs at 3½ per cent
interest per annum free of income tax
redeemable at par on ~~Rs 6/67~~ 1st January
Govt agreeing to take up
1967. ~~Mr Hall of Canara~~ debentures see P
in this series for Rs 180200/- if the
amount subscribed for by the public falls
short of the full amount required.

Letter No 11272 dated 23/3/37
from the Registrar of Co. requesting
Mysore Central D.M.
sanction to issue, by the Bank of a
fifth series of Debentures of the value of
Rs 5 lakhs at 3½ per cent interest
free of income tax etc

Order dated 284-b dt 7/8/37

*List of Enclosure*

He is requested
~~The Registrar reports~~ that the
Bank has issued debentures of the
value of Rs 966100/- in the four series
mentioned above of which Rs 19,800/-
is subscribed for by Govt and the rest by the public. vide G.O. dt 7/1/37.

*Copied by*

The Bank has extended its activities
and the Land Mortgage business is in
practice free in 36 centres ~~Rate of interest charged~~

*Examined by*

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

of extension to other areas. The Bank can issue debentures for a further sum of Rs five lakhs the terms ~~borrowing~~ raising became insufficient to meet the growing needs, the Bank ~~by the Bank~~ has applied to Govt. for permission to raise a further debenture loan of the value of Rs. 5 lakhs at 3½ per annum. Under the existing bylaws the Bank can raise debentures for a further sum of Five Lakhs of rupees the permissible extent of the total amount of liabilities being Rs 15,44,064/- The Registrar recommends the issue by the Bank, of a fifth series of debentures of the value of Rs five lakhs of rupees at 3½ % per annum interest for a period of six years - Govt. guaranteeing the repayment of the principal and interest in this series also and subscribing for debentures to the extent of Rs 1,60,200/- if necessary,

WD 0280—GPB—22,500—14-3-38

3/

the other conditions being the same

as for the Fourth Series

In the circumstances explained

~~below~~ I am pleased to cancel the ~~the Protocol of the Board as recommended~~

the ~~recommendation of the Registrar~~ by the Registrar recommendation of the Registrar.

Yours

4/8

Secretary

4/8/39

To the Registrar C.S.

The Comptroller

The Revenue Counsel for information

# GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

## GENERAL AND REVENUE DEPARTMENTS.

**G. O. No. A. & F. 284-6—L. M. 21-38-2, dated 7th August 1939.**

---

**Debentures of the Mysore Central Co-operative Land Mortgage Bank, Ltd.**

Sanctions the issue of a Fifth Series of —— for a sum of Rs. 5 lakhs at 3½ per cent interest free of income-tax.

---

READ—

Government Order No. G. 6941-4—L. M. 14-29-1, dated 4th December 1929, guaranteeing the debenture holders in the Mysore Central Co-operative Land Mortgage Bank, the repayment of the principal amounts of the debenture bonds at maturity, as well as payment of interest as it falls due, limited to five per cent per annum free of income-tax, the guarantee being restricted to the debentures issued for the first ten lakhs of rupees only.

2. Government Order No. G. 12215-8—L. M. 21-29-2, dated 11th April 1930, authorising the Mysore Central Co-operative Land Mortgage Bank to issue debentures to the extent of Rs. 3 lakhs at 5 per cent interest per annum free of income-tax.

3. Government Order No. D. 2624-7—L. M. 2-33-7, dated 30th November 1933, authorising the said Bank to issue a second series of debentures of Rs. 2·5 lakhs at 4½ per cent interest per annum, free of income-tax.

4. Government Order No. D. 4535-38—L. M. 16-34-3, dated 18th January 1935, authorising the Bank to issue a third series of debentures to the extent of Rs. 4 lakhs at 4 per cent interest per annum, free of income-tax.

5. Government Order No. D. 4189-92—L. M. 7-36-2, dated 6—7th January 1937, sanctioning the issue by the Bank of a fourth series of debentures of the value of Rs. 5 lakhs at 3½ per cent interest per annum, free of income-tax, redeemable at par on 1st January 1967, Government agreeing to take up debentures in this series for Rs. 1,80,200 if the amount subscribed for by the public falls short of the full amount required.

6. Letter No. 11272, dated 23rd March 1939, from the Registrar of Co-operative Societies in Mysore, requesting sanction to issue, by the Mysore Central Land Mortgage Bank, of a fifth series of debentures of the value of Rs. 5 lakhs at 3½ per cent interest, free of income-tax, etc.

ORDER No. A. & F. 284-6—L. M. 21-38-2, DATED BANGALORE, THE 7TH AUGUST 1939.

It is reported that the Bank has issued debentures of the value of Rs. 9,66,100 in the four series mentioned above of which Rs. 19,800 is subscribed for by Government and the rest by the public. The Bank has extended its activities and the Land Mortgage Scheme is in operation in 36 centres. The funds raised having become insufficient to meet the growing needs, the Bank has applied to Government for permission to raise a further debenture loan of the value of Rs. 5 lakhs at 3½ per cent interest. Under the existing bye-laws, the Bank can raise debentures for a further sum of Rs. 5 lakhs, the permissible extent of the total amount of liabilities being Rs. 15,14,064. The Registrar recommends therefore the issue by the Bank of a fifth series of debentures of the value of Rs. 5 lakhs at 3½ per cent interest per annum, free of income-tax, Government guaranteeing the repayment of the principal and interest in this series also and subscribing for debentures to the extent of Rs. 1,80,200 if necessary, the other conditions being the same as per the fourth series.

2. In the circumstances explained, Government are pleased to sanction the recommendation of the Registrar.

J. APPAJI GOWDA,
*Secretary to Government,*
*General Department.*

To—The Registrar of Co-operative Societies in Mysore.
The Comptroller to Government through the Financial Department.
The Revenue Commissioner in Mysore.

Exd.—C. K.

WD 2352—GPB—470—21-8-39